

ANNUAL REPORT

OF

THE MANAGERS

OF THE

UNION CANAL COMPANY

OF PENNSYLVANIA,

TO THE STOCKHOLDERS,

NOVEMBER 16, 1841.

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PHILADELPHIA:

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1841.

At the Annual Meeting of the Stockholders of the Union Canal Company of Pennsylvania, held at their Office, in Carpenter's Court, November 16th, 1841, the following Report was presented, read, and accepted, and is now printed in compliance with the provisions of the Charter.

On the same day the following Gentlemen were elected to manage the affairs of the Company for the ensuing year.

PRESIDENT.

CHARLES GRAFF.

MANAGERS.

WILLIAM BOYD,
FRANCIS G. SMITH,
JOSEPH HOPKINSON,
THOMAS BIDDLE,
JOHN BOHLEN,
JACOB GRATZ,

CHARLES DUTILH,
SIMEON TOBY,
FREDERICK FRALEY,
SAMUEL V. MERRICK,
JACOB LEX,
BENJAMIN W. RICHARDS.

REPORT.

To the Stockholders of the Union Canal Company of Pennsylvania:

THE Managers, in compliance with the provisions of the charter, present the following report of the business of the Company for the past year, and of the various matters which have, during that period, affected the interests and prosperity of the Corporation. The navigation was closed on the fifth day of December, 1840, and in accordance with the intentions announced in the last annual report, preparations were immediately made to place the whole of the main line in thorough repair, and to have every thing in readiness to repair the locks on the Branch Canal, by renewing them of the size adapted to boats of the burthen of fifty tons. The operations of the Board for this purpose, were, however, suddenly suspended by the institution of proceedings in chancery in the Supreme Court of the State, by several holders of what is called the first loan of the Company.

The object of these proceedings appears to be, to establish a preference over every other class of loanholders, and to secure to those who own certificates of the loan of \$550,000, authorized by resolutions, passed on 23d March, 1825, a mortgage on all the property and rights of the Company, to restrain it in distributing

its income after defraying the necessary expenses of the Canal and works, to any other purpose than the payment of the principal and interest of their loan. In addition to this assumption of the suitors in the Supreme Court, they have asked that the Company shall be prohibited, by injunction, from carrying on the improvements of the Branch Canal in the manner deemed by the board most beneficial for all concerned, and the proceeding on their part being persevered in, notwithstanding the remonstrances and representations made to them, it was deemed advisable to postpone the contemplated improvements until the decision of the Court on these vital questions could be obtained. The proceedings will probably be terminated at the coming session of the Court, and until then the Board will, by a sense of respect for the Court, be compelled to limit all their operations to the necessary demands of the Canal in its present restricted capacity.

The materials collected for the purposes contemplated last year, have, in part, been used in making ordinary repairs, and the remainder can advantageously be applied in the same manner during the coming season.

The navigation of the Canal was opened on the 29th March, 1841, but it was soon perceived that without the most vigorous measures, the trade would be drawn away by the Tide Water Canal. In anticipation of an active competition from that quarter, the whole of the mainline was repaired as thoroughly as we had the ability: the steam engine at the Water Works was thoroughly repaired, and furnished with new boilers of the most approved construction, and some advantageous modifications made in the water wheels and their machinery. The fear of accident occurring to the steam and water machinery, which has, for several

years, been taxed to its utmost ability to supply the Canal, and the anxious desire of the Board to keep up the trade, and to increase it, induced them to depart from the rigid line of administration they had laid down, and they accordingly determined, January 27, 1841, to obtain another steam engine to be placed at the Water Works, and to have it constructed of sufficient power to place the supply for navigation completely beyond any probable hazard. Such an engine, and the necessary pumps and mains to connect it with the reservoir and feeder, have been procured and set up. The preliminary trials of the engine thus far have not been entirely satisfactory, but when certain alterations shall have been made, we do not doubt it may, in connection with the other machinery, be relied upon to furnish an ample supply of water for a full trade on the Canal.

The following statement shows the amount of tolls received during each of the several fiscal years, ending November 1st:

1838, \$123,575 46	1839, 135,163 73
1840, \$110,855 79	1841, 66,601 23

Of the causes which have led to this lamentable falling off in the income of the Company, the following may be referred to as having exercised the greatest influence.

First—The location and completion of the Tide Water Canal, commencing at Columbia, the eastern termination of the Pennsylvania Canal, and extending to Havre de Grace, at the head of the Chesapeake Bay, and there giving the owner of cargoes the choice of Markets. If this Canal had been constructed of the same dimensions as the Union Canal, we should not,

perhaps, have felt its influence, but its capacity to receive the largest boats used on the Pennsylvania Canal has given it the command of a large portion of our trade, and it will inevitably continue to enjoy it until our work is enlarged.

Second—To the gradual wearing out of the boats adapted to the Union Canal, and the indisposition of those concerned in the trade to invest their capital in small boats on the eve of the completion of a capacious Canal, and while the Union Canal Company, was urging upon the State Legislature, with some hope of success, the propriety of enlarging the Canal by a State subscription.

Third—To the paralyzing effect of the contests for priority among the loanholders, which has hitherto had, and will continue to have a disheartening effect upon the citizens who take an interest in the Company, by giving countenance to the belief that any measures requiring the concurrence of the loanholders, would be frustrated by these clashing interests.

These causes, all combining to impair the trade and reputation of the Company, have carried hostility even farther than the proceedings in chancery above referred to. In the month of June, 1841, a suit was brought against the Company by the holders of a portion of one of our more recent loans, and pressed to a decision under the summary power conferred upon the District Court of the City and County of Philadelphia, by a late Act of Assembly.

This decision, notwithstanding the efforts of the counsel of the Company, was made in favour of the claimant,

but our legal advisers, believing it to have been erroneously made, have taken the proper steps to obtain a reversal of it in the Supreme Court. Several other suits were immediately brought in the same way, and the Board, finding that the litigation of them separately in the Supreme Court, would be attended with great expense and responsibility, determined, on the 1st of September, 1841, to mortgage all the property and rights of the Company, so as to give no undue preference to any loan creditor, and to make proper provision for the payment of all those persons who had, by services, labour, or materials, become creditors of the Company for its necessary expenses. This mortgage was made to Thomas P. Roberts, Esq., the Treasurer of the Company, and after providing, in the first place, for the payment of the class of creditors above referred to, directed the distribution of any surplus which may then remain, among the loanholders, according to the amounts respectively due to them, and without any preference among them, unless at the time of making such mortgage there was a legal preference existing, and if such legal preference should be found to exist, then according to such legal preference. This mortgage has been duly executed and recorded in all the counties in which the Company has any property or rights, and the mortgagee has been formally put in possession of the property for the execution of his trusts. Since these arrangements have been made, the suits have been discontinued, but the income of the Company has been insufficient to defray its necessary current expenses, and to discharge any portion of the preferred claims.

The condition of the Company on the first instant, was as follows :

Capital Stock,	-	-	-	-	-	\$847,600	00
Loans,	-	-	-	-	-	1,781,300	00
Consolidated Interest,	-	-	-	-	-	195,139	03
Arrears of Interest to October 16,	-	-	-	-	-	133,579	50
Interest declared, but unpaid,	-	-	-	-	-	5,131	51
Due on account of new steam engine, when completed,	-	-	-	-	-	15,200	00
For materials and labour, and salaries, wages, and expenses of maintaining Canal,	-	-	-	-	-	16,933	58
Outstanding notes of the Company,	-	-	-	-	-	50	98
						<hr/>	
						\$2,994,934	60
Less cash on hand,	-	-	-	-	-	510	87
						<hr/>	
Whole amount due by the Company,						\$2,994,423	73

The ability of the Company to sustain the interest upon its loans, and to discharge the debts incurred for the support and management of the Canal, will depend almost entirely on the measures which may be taken during the ensuing winter for the adjustment of the conflicting interests of the loan creditors; for bringing back the trade our improvement has heretofore enjoyed; and for availing ourselves of the advantages the enlargement of our Branch Canal would give us in the supply of the coal intended for the southern cities in the Union.

The true interests of the loanholders will be promoted by their hearty co-operation in the accomplishment of those measures which will restore and increase the trade. So long as a variety of antagonist interests exist in the concern, the power of the Company to effect any thing loses its vitality, and although the corporation may, by the regulation of its business, do something to

encourage the trade of the work, the fear of interruption by legal processes, and the uncertain duration of any system adopted by the managers, will prevent the investment of capital, either in boats or other property suited to, and connected with our improvement.

The enlargement of the Branch Canal is, however, the main hope of the Company, for the restoration of its credit and prosperity. There can scarcely be a doubt, that if the locks upon that Canal were enlarged so as to permit the passing of coal boats of the burthen of fifty tons, that immediately a large and profitable trade would be found upon it. The fact that it reaches to the very heart of one of the best coal districts of the State, and that it is the nearest mining district to Baltimore and other southern cities, would seem to us to be sufficient to warrant the direction of all our energies and revenue to secure the reconstruction of this Canal. For this purpose the co-operation of our fellow-citizens will not be withheld, the Board has great pleasure in presenting to the Stockholders copies of the proceedings of a meeting of the citizens of Pine Grove, and its vicinity, and of their correspondence with them directly, and through the mortgagee. It is greatly to be regretted that the Company, as now circumstanced, cannot avail itself of the liberal propositions which these proceedings embody, and they trust, that in this gratifying evidence of public opinion, the loanholders may find additional inducements to blend their interests with that of the stockholders, and place the whole of our affairs on a simple and effective footing. The Managers of the Company have laboured long and arduously for its prosperity; as the stockholders, some of them, have not for years received any interest

on their capital, while others, the representatives of those who originally undertook the work, have received nothing at all. The difficulty of procuring citizens willing thus to labour, and find that the only harvest they reap is to be found in injunctions, and harassing law suits, will soon render it impossible to keep up the corporation, and then, when the season for action, and the opportunity of retrieving the affairs of the Company have been permitted to pass away, all concerned in our corporation, will find too late that the trade has been permanently diverted to other channels, that the sources from whence we might become prosperous have been tapped by new improvements, constructed by those who are now willing to aid us, but whose offered assistance has been cast aside in a fruitless contest about prior rights and pledges, which, if established, would only leave their possessors where they stand practically at the present time. An effort now made, combining the power of the loanholders with that of the stockholders could hardly fail to be crowned with success, but if that cannot be secured, a total abandonment of the works will soon overtake us, and that in which the hopes and fortunes of many of our citizens have so long been centered, cease to possess any public or private value.

[James Clark, Esq., resigned his situation as President of the Company, on the first of November last.]

[The Treasurer's account of the receipts and disbursement of the Company, during the past year, is herewith annexed.]

All of which is respectfully submitted,

F. G. SMITH,

President pro tem.

Dr.

Union Canal Company in account with *Thomas P. Roberts, Treasurer.*

Cr.

1840. Nov.	1840. Nov. 1.		
To Cash expended by order of the Board of Managers, from November 1st, 1840, to February 1st, 1841, viz.			\$14,217 86
Remitted William Lehman, Resident Engineer, to meet payments at Lebanon to Collectors, Superintendents and Lock-keepers, for their Salaries, and for damages, repairs, materials and incidental expenses, . . .	\$13,981 51	By Balance as per last settlement,	
Paid current expenses of the office, &c., . . .	260 47	By Cash received from tolls from November 1st, 1840, to Feb. 1st, 1841, . . .	\$10,184 98
Paid officers' salaries, . . .	400 00	Received on account of notes receivable, . . .	1,500 00
Paid accrued interest on consolidated certificates of interest, . . .	3,242 62	Received for coal screenings, . . .	21 00
Paid on account of interest due July 16, 1840, . . .	888 00	Received on account of interest, . . .	10 00
Paid on account of unclaimed interest, . . .	155 09	By Cash received from tolls from Feb. 1st to May 1st, 1841, . . .	5,493 66
Paid for surveys, &c. on Branch Canal, . . .	1500 00	Received nett proceeds of notes discounted, . . .	3,472 74
Paid on remittance from Harrisburg, . . .	5 00	Received Bank U. States notes from Lebanon, . . .	50 00
Paid for a chain cable for Reading dam, . . .	66 10	Received for limestone and coal screenings, . . .	50 92
To Cash paid from February 1st to May 1st, 1841, viz.	\$20,498 79	By Cash received from tolls from May 1st to August 1st, . . .	14,573 65
Remitted William Lehman, R. E., to meet his payments at Lebanon, . . .	5,069 77	Received for coal screenings and limestone, . . .	15 08
Paid current expenses, . . .	92 75	Received borrowed money, . . .	2,000 00
Paid officers' salaries, . . .	1,587 50	Received on account of steam engine, . . .	2,968 00
Paid accrued interest on consolidated certificates of interest, . . .	1,258 34	Received rent of mill, . . .	51 55
Paid unclaimed interest, . . .	1,097 13	By Cash received from tolls from August 1st to November 1st, 1841, . . .	11,488 34
Paid renewal of note, . . .	600 00	Received on account of steam engine, . . .	1,200 00
	9,705 49		12,688 34
			19,608 28
			9,067 32
			11,715 98

To Cash paid from May 1st to August 1st, 1841,

viz.

Remitted William Lehman, R. E., to meet payments at Lebanon, . . .	9,830 00
Paid current expenses, . . .	125 00
Paid officers' salaries, . . .	1,787 50
Paid accrued interest on consolidated certificates of interest, . . .	2,959 23
Paid unclaimed interest, . . .	726 95
Paid on account of steam engine, . . .	5,000 00
Paid borrowed money, . . .	2,000 00
Paid on account of professional services, . . .	100 00
Paid on account of damages, . . .	40 00
Paid on remittance from Harrisburg, . . .	5 00

22,573 68

To Cash paid from May 1st to September 1st, 1841,
viz.

Remitted William Lehman, R. E., to meet payments at Lebanon, . . .	3,190 00
Paid officers' salaries, . . .	500 00
Paid current expenses, . . .	137 36
Paid accrued interest on consolidated certificates of interest, . . .	491 14
Paid unclaimed interest, . . .	31 55
Paid on account of new engine, . . .	2,124 16
Paid on remittance from Reading and Lebanon, . . .	5 00
Paid T. P. Roberts mortgagee in trust, . . .	8,040 61

14,519 82

\$67,297 78

\$67,297 78

Examined and found correct—errors excepted.

Philadelphia, November 1, 1841.

THOS. P. ROBERTS, *Treasurer.*

FRANS. GURNEY SMITH, }
CHARLES DUTILH, } *Committee of Accounts.*

Dr.

Union Canal Company in account with Thomas P. Roberts, Mortgagee in Trust.

Cr.

1841 Sept. 14.	To Cash paid expenses of mortgages, &c. To Cash remitted to Wm. Lehman, Resident Engineer, to meet payments at Lebanon for coal, materials, workmen, lock-keepers, &c.	\$84 10	1841. Sept. 1.	By Cash balances from banks, In uncurrent notes, . In small notes, &c.,	237 06 137 00 26 27
20.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon for coal, workmen, lock-keepers, &c. Paid bill of stationery, .	700 00 500 00 35 32	11. 20. 27.	By Cash tolls received since Sept. 1st, By Cash tolls received from " 11th, . By Cash tolls received " 20th. . By Cash tolls received " 27th, .	1,019 03 1,109 93 1,061 13 782 79
28.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon for coal, &c., . Paid expenses of mortgages, &c., . Paid on account of officers' salaries, .	860 00 34 00 837 50	11. 18. 25.	By Cash tolls received " Oct. 4th, . By Cash tolls received " 11th, . By Cash tolls received " 18th, . By Cash tolls received " 25th, .	798 45 1,065 98 691 31 1,111 66
Oct. 4.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon, . Paid rent of office, .	620 00 75 00	30.		
6.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon, .	300 00			
11.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon, .	600 00			
18.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon, .	800 00			
Nov. 1.	To Cash remitted to Wm. Lehman, R. E., to meet payments at Lebanon, . Paid on account of officers' salaries, . Paid on account of accrued interest on consolidated certificates of interest, .	1,140 00 850 00 29 90			
	Paid on acc't of unclaimed int'rst, 28 94	58 84			7,640 2
					400 33

*Statement of the Tonnage which passed the Union Canal, from
November 1st, 1840, to November 1st, 1841.*

	Pounds.
Flour, 42,257 barrels, - - - - -	8,874,333
Grain, 478,585 bushels, - - - - -	28,715,137
Whiskey, 4,490 barrels, - - - - -	1,347,057
Iron, bar, pig, rail and castings, - - - - -	12,149,892
Iron ore, - - - - -	10,387,550
Coal, anthracite, - - - - -	43,726,167
Coal, bituminous, - - - - -	7,308,122
Lumber, - - - - -	25,229,120
Shingles, - - - - -	6,370,560
Staves, - - - - -	696,004
Gypsum, - - - - -	7,620,263
Fish, 2,532 barrels, - - - - -	759,880
Salt, 58,990 bushels, - - - - -	3,539,436
Merchandise, - - - - -	13,991,949
Seed, - - - - -	590,996
Bacon and Pork, - - - - -	375,215
Leather, - - - - -	372,523
Nails, - - - - -	166,510
Butter and Lard, - - - - -	349,363
Sundries, consisting of Tobacco, Cotton, Wool, Lime, Limestones, Grindstones, Marble, Burr Blocks, Railroad Sills, Brick, &c. &c. - - - - -	14,749,145
	<hr/>
	187,319,222

Equal to 83,624 tons, 14 cwt. 6 lbs.

Amount of tolls received during the year ending November 1st,
1841, \$66,601 23.

Total number of boats that passed the Canal this year, 3,982.

THOMAS P. ROBERTS,

Treasurer of the Union Canal Company.

Philadelphia, November 1st, 1841.